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Retained

[redacted] (b)(3)

18 March 1985

MEMORANDUM FOR: See Distribution

VIA: [redacted] (b)(3)

STAT FROM: [redacted]

SUBJECT: Senate Plans for Supplemental Retirement

1. Senator Stevens (R., AL) is still not ready to move forward with his supplemental retirement plan. He will be ready when and if he has the support of other members of the Senate and of Federal employee union leaders. He does not want to move out in front only to find himself alone.

2. Insofar as support from other Senators, the Senator's Chief Counsel for retirement on his Civil Service Subcommittee, Jamie Cowan, has met with his counterpart on the staff of Senator Eagleton (D., MO) to discuss the possibility of a bi-partisan bill for supplemental retirement. Eagleton is a member of the Senate Government Affairs Committee, but has never participated on the Civil Service Subcommittee. He is interested in being an active participant in any Federal retirement plans taken up by the Senate, but it is too early to know whether he will work with Senator Stevens, or whether he would be willing to support Stevens' draft bill or insist on extensive changes. Jamie Cowan expects that the Stevens proposal would remain basically the same with minor modifications, but he is prepared to accept extensive modifications if the key concepts, such as the basic plan/thrift plan design, are retained.

3. It is likely that the members on Senator Stevens' Civil Service Subcommittee would support the Senator, but the Subcommittee has not convened this year, and three out of the four other members are new to the Subcommittee. The other members are: Charles McC. Mathias (R., MD), Dave Durenberger (R., MN), Carl M. Levin (D., MI), and Albert Gore, Jr. (D., TN). Senator Mathias is expected to be vocally pro-Federal employee because he will be in a close race for re-election next year and has a large number of Federal employees in his state. He has paired with Stevens on the Subcommittee in the past.

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4. Senator Durenberger, who as Chairman of the SSCI is in a position to influence future CIA retirement, has served on the Government Affairs Committee but this is his first experience with the Subcommittee concerned with retirement. The Subcommittee staff does not expect him to be particularly active with Subcommittee issues. Senators Paul S. Trible (R., VA) and John W. Warner (R., VA), given the high number of Federal employees in Virginia, stay in fairly close contact with the Subcommittee where they enjoy a friendly open door policy. They would likely back Senator Stevens if encouraged to do so by their constituents.

5. With regard to Federal employee group support of his plan, the Senator is disappointed and surprised. Representatives of Federal organizations based in Alaska and in Washington, D.C., the type of individual who the Senator takes seriously, are telling him that their preference is to return to the past arrangement: they want the current Civil Service system to remain unchanged and for new employees to be admitted to it instead of participating in Social Security. This, of course is impossible; the Senator and everyone else maintains that Congress will never reverse the decision to close Civil Service. The Senator assumes that if Federal employee groups are not willing to accept (or do not understand) that a supplemental system must be implemented, they are not ready to support any proposal, including his own.

6. Jamie Cowan, who strongly disagrees with the Senator's assessment of employee feelings, has had positive reactions from the employee representatives he has dealt with. By and large, people have told Cowan that they like the proposal. The criticism involves age (retain age 55 rather than raise it to 62) and the basic plan (raise the .85 to a percentage that would make the basic level more generous, rather than depend on the optional thrift plan to make up the difference.) Cowan, who has made a considerable professional and personal investment in the retirement plan, has so far failed to convince the Senator. Nonetheless, Cowan is predicting that the Senator will introduce legislation for a supplemental retirement package by late spring. Given his vested interest, Cowan may be overly optimistic.

7. While the Stevens proposal is on hold, the Civil Service Subcommittee staff is not very active. The only work related to the supplemental plan that they are doing is

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writing a draft article they hope to have published in the Federal Times under the Senator's signature. This article will be an attempt to explain why Congress will not reverse the decision to close Civil Service, and to sell the Senator's supplemental proposal.

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